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SUBJECT: IAEA/GC: MIDEAST MELTDOWN, TAKE 3

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Classified By: Ambassador Gregory L. Schulte for reasons 1.4 b and d

Summary and Comment  
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11. (C) For the third consecutive year, Middle East issues nearly derailed the IAEA General Conference (GC). After a hard-fought Plenary floor fight consuming 15 hours of debate, the GC adopted a more balanced Middle East Safeguards (MES) resolution than in the past by a vote of 82-0-13 (U.S., Israel). A "no action" motion made by Canada also narrowly blocked consideration of the Israeli Nuclear Capabilities (INC) resolution by a vote of 46-43-7. For the first time, the MES resolution included Israeli amendments on safeguards compliance and the relevance of the peace process to a NWFZ, which Iran, Syria and other Arab states voted against. The days preceding this showdown saw EU-Egyptian consultations on the MES text run aground while efforts by the GC President to broker a compromise "package" met with continued Arab Group intransigence. The successful campaign by the U.S. and other Western states to block Syria's re-election to the Board clouded the negotiating atmosphere even further. Although we met our immediate objective of preventing a substantive outcome on the INC in this year's GC, any victory may be short-lived. Many Arabs took heart from the narrow defeat of the "no-action" motion and vow to fight even harder next year. Prospects for a return to a consensus "package" identical to past practice are nil. While the successful Israeli amendments will give Egypt/Arabs pause, the narrow margin on the "no action" motion and the Arab Group success in securing majority NAM support for their position, means we will need a new playbook for 2009. The parliamentary "no action" maneuver would not have succeeded were it not for a surprise "yes" vote by India, key abstentions from Russia and Kazakhstan, and the early departure of some NAM delegations, which we engineered by delaying the floor vote.

12. (C) Success on Middle East issues came at the expense of disrupting the core technical work of the GC. The Plenary debate stretching past midnight for two days was hijacked almost entirely by the Middle East debacle. In the Committee of the Whole (COW), Egypt (with Iran's support) spearheaded efforts to block consensus on annual GC resolutions on nuclear security and safeguards, while the U.S. and like-minded blocked consensus on technical cooperation for tactical reasons. Only a last minute deal to move all three resolutions in parallel in the Plenary allowed for their passage. Massive Arab group abstentions on nuclear security and safeguards resolutions did not reflect well on their commitment to the Agency's work in these areas. Perceived U.S. obstructionism on technical cooperation also met with criticism, though we were primed to ultimately support a consensus resolution. This year's debate demonstrates that the General Conference is increasingly at risk of devolving

into a political forum on the Middle East out of step with the IAEA's technical mandate. Mission recommends very early engagement with Israel, Arabs, the EU, and as necessary the Secretariat to find the basis for a new equilibrium at the GC on Middle East issues. End Summary and Comment.

#### The Opening Salvo: General Committee

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13. (C) As was expected, the Arab Group, backed by the NAM, used the first General Committee meeting on September 29 to insist on the inclusion of the Supplementary agenda item on "Israeli Nuclear Capabilities." Arab Group Chair Morocco, seconded by Iran, Syria, Cuba, Venezuela and Indonesia, cast this item as indispensable and enjoying broad support from a majority of delegations. Kenya also noted it would be "discriminatory" given the IAEA investigations of Iran, Syria, and Libya not to address Israel as well. Brazil took a principled stance in support of any agenda item relevant to the Agency's work. It was readily apparent that the 15-member General Committee was stacked against us. Only the U.S., Canada and Iceland spoke in support of a single agenda item on the Middle East. USDEL registered a strong protest against the inclusion of the INC as prejudicial, discriminatory, and ignoring the real risks of proliferation in the region, but noted U.S. support for a Weapons of Mass Destruction Free Zone and the proposed IAEA-sponsored forum in support of a prospective ME NWFZ. USDEL cautioned that inclusion of the INC agenda item would politicize the GC. The fact that no action had been taken on a similar item in the last two General Conferences, and no anti-Israel resolution had been adopted since 1991, also argued against

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its inclusion. To avoid a pointless agenda fight (and in the slim hope of returning to consensus), USDEL acquiesced on adding the INC to the agenda but advised that we would vigorously oppose any resolution singling out Israel.

14. (C) Consistent with past tactics, the Arab Group also insisted in the General Committee that the item be debated in a "timely" manner, i.e. ahead of other agenda items, while Canada and the U.S. pushed for adherence to the agenda order. GC President Ghisi (Italy) noted the need to allow sufficient time for consultation, and sought to delay the debate as long as possible.

#### The "Package" is Dead

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15. (C) The EU spent most of the week of the GC and much political capital negotiating with Egypt on EU-proposed amendments that would have allowed the EU to support the Egyptian-sponsored ME Safeguards resolution. Under pressure from a coterie of EU members, led by Germany, the French EU Presidency engaged in a "good faith" effort that was not predicated on the traditional linkage with the INC agenda item, a linkage rejected out of hand by Egypt since 2006. Norway also strongly supported this approach. Proposed EU amendments focused on safeguards compliance, reference to the Middle East peace process, and a call for states to adhere to the Additional Protocol. After repeated attempts to agree on a formulation, Egyptian Ambassador Fawzi finally declared in a late October 2 meeting of the parties called by President Ghisi that "no words in the English language" could be acceptable. "I am not willing to discuss any more language from this moment up to the vote on Middle East Safeguards," Fawzi stated, lowering the curtain on the EU negotiation effort. Egypt likewise rejected similar "killer amendments" floated by Israel to the MES resolution as a basis for a consensus "package," i.e. if the INC resolution were withdrawn.

16. (C) With the EU so diverted, support for a "package" approach was weakened. Although EU members continued to pay lip service to the GC President's efforts in this regard,

many saw the package as "dead" and/or hoped that a positive outcome on the MES resolution would have salutary effect on the INC debate. Almost no one in the EU was prepared to countenance the breakdown of EU-Egypt negotiations. During WEOG sessions, the U.S., Canada and Australia continued to argue for a "package," and failing that a "no-action motion" for adjournment of debate on the INC resolution. However, Canada was extremely anxious about the prospects of a "no action motion" in light of EU wobbliness and NAM support for the Arab League position. Canada was not prepared to proceed absent a "reasonable" chance of success, lest the Arab League pocket two victories -- defeat of the "no action" motion and secondly, potential adoption of the INC resolution (Note: It was possible that some opponents of "no action" would split their vote and abstain on a vote on the resolution, were one to occur. End note.) When EU-Egypt talks finally, and probably inevitably, collapsed on the afternoon of October 3, Egypt's "bad faith" helped solidify EU support for the "no action motion."

17. (C) Meanwhile, GC President Ghisi, in consultation with the Lebanese former GC President, attempted to broker a package early in the week. The Moroccan Arab Group Chair seemed amenable to private reassurances, including from USDEL, that no one sought to cut off debate under the INC agenda item though we opposed a resolution. However, the Arab League had taken ownership of the INC resolution and ruled out any Presidential Statement as the conclusive action on the agenda item, consistent with an early September Arab League Ministerial decision. Ghisi floated a draft "President's Summary/Conclusion" that would encapsulate both sides of the debate, as a possible compromise in lieu of an INC resolution. Israel was open to this proposal since such a summary, unlike a PRST, would not be a formal decision of the GC and thus have no standing. The Arab League representative flanked by Arab Group members descended on Ghisi's office and rejected such a compromise as "humiliating," saw nothing to be gained, and refused to withdraw the INC resolution. Ghisi kept the draft Presidential summary in his "drawer" where it never saw the light of day.

18. (C) In a last ditch effort to find a way back to consensus, ISN Deputy Assistant Secretary Hayward met with Egyptian Deputy Assistant Minister of Foreign Affairs for Disarmament Affairs Khaled Shamaa. Hayward presented Shamaa changes to the MES resolution, the adoption of which would

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allow the U.S. to support Egypt's text, if Egypt would agree to lead the Arabs to agree to the deal being put forth by President Ghisi. (Note: These changes largely mirrored what was later tabled as proposed amendments by Israel-- see below. End note.) After arguing that he was "surprised by this late approach," Shamaa indicated that we should discuss any proposed changes with Egyptian Ambassador Fawzy. Ultimately, the Egyptians did not respond to the U.S. proposed amendments.

#### Syria Withdraws Board Candidacy

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19. (C) The positioning on the MES and INC resolutions prior to and during the General Conference occurred also in the context of awkwardness in the Arab camp about Syria's candidacy for the IAEA Board. The U.S., UK, France and other Western states succeeded over several weeks in pressing the point to Member States that a country under investigation for possible violations of its safeguards agreement should not be added to the Board. That Syria was seeking a seventh term in competition with regional group member Afghanistan (which served once on the Board more than forty year ago) seems also to have undercut Syria's support among some non-Arab countries. In the twenty-four hours before a potential vote on Board membership, USDEL received several indications, including from Arab dels, that the pressure from several

sides would drive Syria to beat a face-saving retreat. This came only after Syria gained a postponement of the ongoing election process before the Friday lunch break. (Comment: We read Syria's last-minute call for further consultations within the regional group as a gambit to raise the market value of its withdrawal, announced two hours later. Syria may face intra-Arab resistance if it makes a claim on one of the two MESA seats opening in 2009. Yet, for all that argues objectively against Syria's election, many Member States bristled as well at perceived U.S. "interference" in a regional group's prerogative. End comment.)

#### Israel Amends MES Resolution

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¶10. (C) Determined to hold the MES/INC debates as early as possible; the Arab Group used every ploy to move up consideration of the twin Middle East agenda items. Part of their calculus (as openly stated by the Cuban Chair of the NAM) was that some smaller NAM delegations would depart the GC by Friday. As happened last year, Egypt (with support from Iran and others) held up consideration of omnibus nuclear security and safeguards resolutions in the Committee of the Whole (COW). This was also consistent with the September Arab League Ministerial decision, which threatened to undermine Western priorities at the GC if the INC were blocked. With the DPRK agenda item delayed at China's request late Friday, the GC President had no choice but to proceed with the MES agenda item.

¶11. (C) Just before Egypt's introduction of the MES resolution, and pursuant to tactical consultations with USDEL, Israel tabled three amendments, in part to demonstrate to Egypt that two can play the game of winning changes to any non-consensus text. This was a high stakes gamble on Israel's part, as amendments from the Plenary floor require a waiver of the "24-hour rule" which once waived opens all resolutions for amendment. Israel explained that it had sought to no avail to reach agreement with Egypt on a consensus text. Two of these amendments were similar to those the EU had sought. The first new OP, under which the GC "Calls upon all States in the region of the Middle East to comply with their international obligations and commitments relating to safeguards, and to cooperate fully with the IAEA," passed by a vote of 46-38-22 with EU, U.S. and like-minded support and Arab League/NAM standard bearers, including Iran and Syria, voting against (Russia, China, India and several GRULAC abstained.) A second Israeli amendment to change "calls upon" to "invites" states in the region not to develop or acquire nuclear weapons or take steps undermining a NWFZ, failed by a vote of 5 (Israel, U.S.)-38-64, with the EU and all like-minded abstaining. The third amendment added an OP that "Emphasizes the importance of the peace process in the Middle East in promoting mutual confidence and security in the region, including the establishment of a NWFZ"; this passed by a vote of 45-34-28, along the same lines as the first amendment.

¶12. (C) To counter Israel's feat and add "balance" to the resolution, Algeria proposed a new OP "Calls upon all States in the region to accede to the Non-Proliferation Treaty", which passed by a wide margin of 92-1-7. Only Israel voted

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against with the U.S., Canada, India and Georgia among the few abstentions. (Note: Israel could have accepted an earlier version of this amendment which cited "nuclear nonproliferation conventions" rather than the NPT, but the Arab Group showed no interest in compromise/ consensus. End note.) Arab delegations also sought to counter the successful Israeli amendment on the relevance of the peace process to establishment of a NWFZ. In a maladroitness October 4 attempt to broker consensus, Director General ElBaradei floated language which would have placed the peace process and establishment of a NWFZ on equal footing, with parallel tracks. Israel was adamant it could never accept language

that ran counter to its core policy that peace must come before any NWFZ. The IAEA Secretariat's premature circulation of the ElBaradei language doomed this effort at compromise, which otherwise was drawing strong support from among the EU. Arab delegations, on the other hand, also rejected the DG's proposal as the basis for of any return to a "package deal" on a consensus MES text in exchange for withdrawal of the INC. A high-profile appeal by the DG to the Arab Group during an impromptu caucus of the Arab group on the floor of the Plenary failed to secure the necessary compromises. Algeria (with Morocco's support) withdrew a further attempt to insert the DG's proposed language absent any package deal when the Legal Advisor clarified that a vote on such an amendment would constitute reconsideration of the Israeli amendment that had already been adopted and therefore would require a two-thirds majority.

¶13. (C) As consideration of the MES resolution dragged past midnight and into the next day with the Arab Group threatening several more amendments in their back pocket, more and more delegations (including Russia and Chile) became frustrated with the prolonged procedural debate. The Arab Group finally acquiesced in a losing battle, and the MES resolution was adopted by a vote of 82-0-13, with the U.S., Canada, Israel and a few Arab delegations (Syria, Iraq, Libya) abstaining. (Note: Full text of the resolution available at [www.iaea.org](http://www.iaea.org) and emailed to the Department. End note). Egypt and the majority of the Arab Group supported the resolution but voiced strong reservations on the Israeli amendments in their EOVs - the irony of Iran and Syria citing opposition to safeguards compliance was not lost. Several notable Arabs, to include Saudi Arabia and the UAE, walked out before the vote. In an EOV, Israel attributed its abstention to the lack of linkage to the INC and explained that the redundant new OP on the NPT had prompted it to request a vote on the MES resolution. (Comment: Israel's willingness to work toward consensus, in sharp contrast with the Arab Group's stance, was positively received. End Comment.) Ambassador Schulte delivered an EOV that reaffirmed the U.S. position on the universality of the NPT and support for a ME WMDFFZ in the context of a comprehensive regional peace. The U.S. regretted the failure of efforts to reach consensus but voiced strong support for the resolution's call on all states in the region to comply with safeguards obligations. Ambassador Schulte advised violators to take note of this. (Comment: The Syrian representative, sitting nearby, visibly bristled. End Comment.)

#### Barely a No Action Motion

¶14. (C) Canada, the U.S. and other like-minded had decided early on to allow debate on the INC so as to inoculate ourselves against criticism of being undemocratic. We had hoped that allowing the debate, as happened in the 2007 GC, would persuade Arab Group members to withdraw the resolution or failing that, would build support for a "no action motion." Arab Group Chair Morocco introduced the item citing the "real threat" Israel's failure to adhere to the NPT posed in the region and noted the "revised" AL resolution (full text in para 20.) A litany of Arab Group/NAM interventions including Cuba, Venezuela, Egypt, Iran, Indonesia, Sudan, Lebanon, Syria, Algeria and Saudi Arabia condemned the double standard policy as regards Israel. Iran criticized the "shameful silence" of the U.S. on the issue and the provision of nuclear technology to Israel. Speaking for the EU, France supported universality of the NPT and a WMDFFZ in the Middle East but advised that the INC resolution "goes well beyond this objective."

¶15. (C) Once the speakers' list was exhausted, Canada, which had been closely coordinating with USDEL, took the floor and called for adjournment of debate, i.e. "no action motion," under Rule 59 of the Rules of Procedure. Canada regretted the failure of a consensus package and noted that it had no objection to debate on the issue. France and Albania



seconded the "no action motion" while Cuba and Libya spoke against it. Canada's nervousness about the success of a "no action motion" proved justified by the narrow vote in favor, 46-43-7. In addition to the EU and JUSCANZ, Norway, Switzerland, Iceland, ROK, Israel and a handful of Eastern European countries (Croatia, Albania, Georgia, Macedonia, Montenegro, Moldova, and Ukraine) voted in favor. In a surprise move, India, which had reportedly blocked a NAM consensus on the INC, also voted in favor of "no action." The seven abstentions were Russia, Kazakhstan, Turkey, Mexico, Uruguay, Ethiopia and Zambia. (Note: Kazakhstan's abstention may have been prompted by a reminder from USDEL that the Secretary was en route to Astana. End note.) All other Arab League, NAM, and GRULAC delegations and China voted against "no action." The fact that we successfully held off the INC agenda item until Saturday night when a number of NAM delegations had already left also helped secure passage.

¶16. (C) Comment: Only through such brinksmanship, and the Arab proclivity to telegraph its inflexibility, did we prevent a vote on the INC resolution. The Arab Group had bolstered its position with NAM support, and could have won the "no action" vote and may have secured passage of the INC. Our conversations with Arab representatives in Vienna in the ensuing days indicate this narrow "miss" has emboldened Arab Group members to try again next year. Should they continue to improve their tactical approach --certainly aimed at splitting the EU -- there is no telling the outcome of any future no action motions. End Comment

#### The Fallout for the GC

¶17. (C) With the Plenary debate on the Middle East concluded, the COW Chairman reported the unprecedented failure to reach consensus on all three core technical resolutions on nuclear security, safeguards and technical cooperation (Note: Egypt forced a vote on the Safeguards resolution in the 2007 GC. End note.) Unhelpful amendments by Egypt and Iran had tied up COW working groups on security and safeguards, while the U.S., Canada and like-minded held up the technical cooperation resolution as leverage. The EU finally brought the nuclear security and safeguards resolutions to the Plenary floor, thus opening them up to potential amendments. The G-77 agreed to accept the nuclear security resolution, which was first on the agenda, in exchange for consensus adoption of the technical cooperation resolution. Egypt refrained from tabling floor amendments but called roll call votes on both nuclear security and safeguards resolutions. Nuclear security was adopted by a vote of 77-0-10, with Egypt, Algeria, Iran, Iraq, Libya, Qatar, Sudan, Syria, Tunisia and Yemen abstaining. Among the Arab Group, only Morocco and Lebanon voted in favor. The Safeguards resolution was also adopted by a vote of 82-0-18 with massive Arab Group abstentions. During the debate, Egypt professed commitment to Agency safeguards but complained of "imbalance" in their application. Arab states also voted against a soundly defeated Indian amendment to the Safeguards resolution which would have urged only "concerned" States to conclude Safeguards agreements (septel).

#### Comment

¶18. (C) The Middle East debate entirely overshadowed the meager results of the General Conference, with only marginal changes on the safeguards and security resolutions from 2007. Holding the GC annually has become pointless, except to approve the budget, as is required under the Statute pending the ratification of an Amendment of Article XIV. One suggestion is that the GC convene only a pro-forma administrative session every other year to approve the budget. This would be a cost-savings for the Agency, though it may not be practicable for the next GC which will also

approve the election of the next Director General.

¶19. (C) If the current trend continues, the General Conference is at risk of becoming just another politicized forum on the Middle East. Ambassador Schulte is reaching out to key parties immediately to try to start afresh, but the refusal of Egyptian Ambassador Fawzy to accept the invitation is telling in regard to the work ahead. Mission recommends a reconsideration of our strategy heading into next year's GC and will be looking to contribute further analysis and reporting to help serve as a basis for such a strategic reconsideration. The goal would be to find a different approach that achieved a new equilibrium on the issue without further politicizing the GC. We should also clearly signal

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to Egypt our disappointment at the AL's uncompromising approach -- had they been willing to change the words "NPT treaty" to "conventions," Israel would have joined consensus on the amended MES resolution. Our discussions throughout the week with the Israeli delegation, including after the GC outcome was achieved, made clear that Israel also feels the imperative to find such a new equilibrium.

¶20. (SBU) Begin text of Arab Group resolution on Israeli Nuclear Capabilities:

#### Israeli Nuclear Capabilities

Draft resolution submitted by Algeria, Egypt, Iraq, Jordan, Kuwait, Lebanon, the Libyan Arab Jamahiriya, Mauritania, Morocco, Qatar, Saudi Arabia, Sudan, the Syrian Arab Republic, Tunisia, the United Arab Emirates and Yemen

#### The General Conference

(a) Recalling the relevant resolutions of the General Conference and the presidential statements endorsed by the General Conference on this issue.

(b) Recalling also UN Security Council resolution 487 (1981), which - inter alia requested Israel to submit all its nuclear facilities to the Agency's safeguards system,

(c) Bearing in mind the resolution on the Middle East adopted by the 1995 Review and Extension Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). in which the Conference noted with concern the continued existence of unsafeguarded nuclear facilities in the Middle East,

(d) Recalling the 2000 NPT Review Conference, which welcomed the fact that all States in Middle East with the exception of Israel, are States parties to the NPT and reaffirmed the importance of Israel's accession to the NPT and of the placement of all its nuclear facilities under comprehensive IAEA safeguards for realizing the universality of the NPT in the Middle East and

(e) Recognizing that joining the NPT and submitting all nuclear facilities in the region to the comprehensive IAEA safeguards is a prerequisite for establishing a nuclear-weapon-free zone (NWFZ) in the Middle East,

¶1. Expresses concern about the threat posed by the proliferation of nuclear weapons to the security and stability of the Middle East:

¶2. Expresses concern about the Israeli nuclear capabilities and calls upon Israel to accede to the NPT and place all its nuclear facilities under comprehensive IAEA safeguards;

¶3. Urges the Director General to work with the concerned States towards achieving that end; and

¶4. Decides to remain seized of this matter and requests the

Director General to report on the implementation of this resolution to the Board of Governors and the General Conference at its fifty-third regular session under an agenda item entitled "Israeli Nuclear Capabilities".

End Text.  
SCHULTE